

SENATE BILL REPORT

SB 5077

As Reported By Senate Committee On:
Agriculture & Rural Economic Development, February 13, 2007

Title: An act relating to exempting propane fuel sold to farm fuel users for nonhighway use from the retail sales and use tax.

Brief Description: Exempting propane fuel from the retail sales and use tax on fuel sold to farm fuel users.

Sponsors: Senators Honeyford, Rasmussen, Schoesler, Clements, Sheldon, Roach and Parlette.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 1/25/07, 2/13/07 [DP-WM].

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Rasmussen, Chair; Hatfield, Vice Chair; Schoesler, Ranking Minority Member; Morton and Shin.

Staff: Sam Thompson (786-7413)

Background: Sales to farmers of propane or natural gas used to heat structures housing chickens are exempt from retail sales and use tax. The propane or natural gas must be used exclusively to heat the structures and the chickens must be eventually sold as agricultural products.

Sales of diesel or aircraft fuel used for producing agricultural products by farmers and persons providing horticultural services for farmers are also exempt from retail sales and use tax.

A broader tax exemption for sales of propane used by farmers is suggested.

Summary of Bill: A retail sales and use tax exemption for propane used by farmers and persons providing horticultural services for farmers is established. The exemption does not apply to propane used for residential water or space heating.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Effective Date: The bill takes effect on July 1, 2008.

Staff Summary of Public Testimony: PRO: A substantial amount of propane is annually brought into Washington for a variety of agricultural uses. This bill is consistent with legislation enacted in 2006 that established retail sales and use tax exemptions for diesel and aircraft fuel sold to farm fuel users.

Persons Testifying: PRO: Senator Honeyford, prime sponsor; Mel Sorensen, Northwest Propane Gas Association; Dan Coyne, Washington State Council of Farmers Cooperatives, Far West Agribusiness Association, and Northwest Dairy Association.